



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
MANPOWER AND RESERVE AFFAIRS
111 ARMY PENTAGON
WASHINGTON DC 20310-0111

June 29, 2000

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (PERSONNEL AND
READINESS)

SUBJECT: Exemption of Army Child Care Programs from A-76 Competition—
ACTION MEMORANDUM

The exemption of child care programs (known within the Army as Child and Youth Services) from A-76 competition is sound policy that is reflective of DoD's recognized leadership as the Nation's model for providing quality child care to its service members and their families. The Army desires to retain these programs as a core capability not subject to private sector performance. To this end, the Army has been working with Booz-Allen & Hamilton over the past year to develop a most efficient organization template that includes family child care as a major source of care, as well as after school programs conducted in schools and youth centers. This template will be implemented Army-wide to ensure the most efficient use of resources while maintaining benchmark levels of quality, affordability and availability.

The Army has 20 years of experience in soliciting commercial firms to operate on-post child care programs as depicted in the enclosed chart. Throughout that period, no commercial firm has been successful in providing both quality service and reduced costs. In fact, all but one child care program that was outsourced has been brought back in-house either because standards have dropped precipitously and/or fees and appropriated fund costs escalated. The one contracted facility remaining has been identified in an audit as being considerably more expensive than other child care programs and, as a result, plans are underway to convert this program to an Army operation. In the past two years, the Army opened three installation child care programs to outside competition by commercial firms. None of these proved viable.

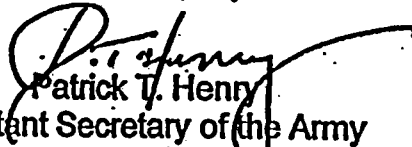
The track record of military child care cannot be matched by private sector child care firms in either quality or price. Over 94 percent of Army child care programs have been nationally accredited against a national average of only eight percent. A recent General Accounting Office study confirmed that the military is able to provide high quality care for those age groups for which it most needs care, infants and toddlers, at no higher cost than civilian centers.

The affordability and quality of military child care programs have been acknowledged by a variety of sources, including Congress, the White House, the General Accounting Office and most recently in an April 2000 independent report from the National Women's Law Center, which cited the military child care program as:

"an excellent model for the very real reforms that need to be made in civilian child care policy and practice...and offers valuable lessons for policy makers, child care administrators, advocates, parents, providers and others on how similar improvements can be made in civilian child care."

Given these measurable results, it is clear that the Army's child care program is an unqualified success for Army families, a force multiplier for the Army, and a good return on the investment for tax payers.

Families have a right to expect high quality, predictable programs. As our collective experience is now showing with TRICARE, medical services are not meeting the need, are variable, and—as families move from one region to another—not at all predictable. We do not need to repeat this experience with programs that serve our children and youth, currently one of the principal retention tools for young Army families.


Patrick T. Henry
Assistant Secretary of the Army
(Manpower and Reserve Affairs)

enclosure